

## Message Text

UNCLASSIFIED

PAGE 01 BONN 09136 191417Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04  
SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01 /103 W  
-----041335 201333Z /14

R 181747Z MAY 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8648  
DEPARTMENT TREASURY  
INFO AMEMBASSY PARIS  
AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY ROME  
AMEMBASSY BERN  
AMEMBASSY VIENNA  
USMISSION USNATO

UNCLAS BONN 09136

USEEC, USOECD ALSO FOR EMBASSY

DEPARTMENT PASS FRB AND CEA

E.O. 11652: N/A  
TAGS: EFIN, GW  
SUBJECT: BUNDESBANK REDUCES MINIMUM RESERVE RATIOS

1. ON MAY 18 THE CENTRAL BANK COUNCIL OF THE BUNDESBANK  
ANNOUNCED A REDUCTION IN MINIMUM RESERVE RATIOS AS  
FOLLOWS:

A) EFFECTIVE JUNE 1, 1978, MINIMUM RESERVE RATIOS ON  
BANKS' FOREIGN LIABILITIES (CURRENTLY 20 PERCENT FOR  
SIGHT DEPOSITS, 15 PERCENT FOR TIME DEPOSITS AND 10  
PERCENT FOR SAVINGS DEPOSITS) WILL BE REDUCED TO THE  
LEVEL OF RESERVE RATIOS ON LIABILITIES AGAINST  
RESIDENTS. THESE CURRENTLY RANGE FROM 5.7 PERCENT  
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(LOWEST MARGINAL REQUIREMENT ON SAVINGS DEPOSITS) TO  
13.75 PERCENT (HIGHEST MARGINAL REQUIREMENT ON SIGHT  
DEPOSITS).

B) ALSO EFFECTIVE JUNE 1, ADDITIONAL RESERVE REQUIREMENT  
IMPOSED ON THE INCREASE IN FOREIGN LIABILITIES (CURRENT  
LY 80 PERCENT FOR ALL SUCH LIABILITIES OVER THEIR

AVERAGE LEVEL DURING THE PERIOD SEPTEMBER 16 -  
DECEMBER 15, 1977) WILL BE FULLY REMOVED.

FINALLY, EFFECTIVE JUNE 1, RESERVE RATIOS FOR  
LIABILITIES AGAINST BOTH FOREIGNERS AND RESIDENTS WILL  
BE REDUCED BY 7 PERCENT.

2. THE BUNDESBANK ESTIMATES THAT THESE MEASURES WILL  
INCREASE BANK LIQUIDITY BY ABOUT DM 4.5 BILLION. IN  
COMMENTING ON ITS DECISION THE COUNCIL STATED THAT  
THESE MEASURES WILL OFFSET DECLINES IN LIQUIDITY  
RESULTING, AMONG OTHER FACTORS, FROM RECENT FOREIGN  
EXCHANGE OUTFLOWS. THE BUNDESBANK ALSO TOOK INTO  
ACCOUNT PRESSURES ON BANK LIQUIDITY RESULTING FROM THE  
NORMAL INCREASE IN CENTRAL BANK MONEY.  
STOESSEL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL RESERVES, FOREIGN ASSETS CONTROLS, BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978BONN09136  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780213-0085  
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**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Event:**  
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**SAS ID:** 2655995  
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**Status:** NATIVE  
**Subject:** BUNDESBANK REDUCES MINIMUM RESERVE RATIOS  
**TAGS:** EFIN, GE  
**To:** STATE TRSY  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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